



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0418	Title:	Establish child care facility for state employees
Primary Sponsor:	Dunwell, Mary Ann	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$246,779	\$230,787	\$234,249	\$237,762
Other	\$249,779	\$230,787	\$234,249	\$237,763
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other	\$246,779	\$230,787	\$243,249	\$237,763
Net Impact-General Fund Balance:	<u>(\$246,779)</u>	<u>(\$230,787)</u>	<u>(\$234,249)</u>	<u>(\$237,762)</u>

Description of fiscal impact: HB 418 would create a child care program for use by state employees. A pilot program would begin in the Helena area, with future recommendations for other areas with sufficient employees to warrant expansion.

FISCAL ANALYSIS

Assumptions:

Department of Administration

Health Care and Benefits Division (HCBH)

- HB 418 directs the department to operate a child care facility and employ care providers, or to contract with a private provider for child care. If the department were to operate the child care facility and employ care providers, it would be necessary to lease a facility, hire/employ the care providers, and buy all of the necessary equipment and supplies for the facility (see assumption 6). If the department were to contract with a private provider for child care, the cost would most likely include a rate per child attending the child care facility.
- The department would need to determine whether the child care program would apply to participate in the food program, or would have the children bring their lunches or food. This would have an impact on the cost of the program as well as the type of facility that would be required.

3. The department does not know the number of state employee dependents that would qualify for such a child care facility. The department is not able to determine the number of eligible employees/children that would be interested in using such services. The age and number of children would impact the size of the facility and the number of child care providers needed (see assumption 5).
4. HB 418 states the department may charge a fee to the state employees that utilize the child care program, and that this fee must be matched by the state. The size and type of facility could greatly impact the cost of the program, which makes it extremely difficult to estimate the amount the state would pay for matching.
5. For purposes of estimating costs associated with this fiscal note, the department assumes 40 children will utilize a state run daycare facility. The 40 children would be broken down as 20 4-5 year olds, 12 2-3 year olds, and eight children under the age of 2 years old. Each age group would require two adult facility caretakers, as well as a food service worker and a program director (in total 8 staff would be needed).
6. Under assumption number 5, a leased property of approximately 3,000 sq. feet and a large yard would be needed (outside sq. footage requirement is 75 sq. feet per child). This assumes 35 sq. feet per active child (32 aged 2-5 years old) and 70 sq. feet per child 0-2 years of age for indoor space. This includes the required sq. feet for 40 children and 8 adults. The current market rate for leased space of this capacity in Helena would be \$20.00 per sq. foot and equate to \$60,000 annually for a leased facility. \$20,000 would also be needed for furniture and kitchen equipment (chairs, cribs, tables, and kitchen accessories). \$20,000 would be used to purchase playground equipment.
7. Under assumption number 5, the general liability insurance premium would be \$1,472 per year.
8. Under assumption number 5, the annual personal services costs for the 8.00 FTE would be \$392,086 in FY 2016 and \$400,102 in FY 2017. Personal services and operating costs have been inflated by 1.5% for FY 2018 and FY 2019.
9. These assumptions would meet minimum standard licensing requirements set by the Department of Public Health and Human Services (DPHHS). However, they would not meet DPHHS quality standards.
10. The bill states that the department may charge a fee to the state employees that use the service, which must be matched by the state. The bill does not indicate a match rate, so for purposes of this fiscal note it is assumed to be a dollar-for-dollar (1 to 1) match. This fiscal note assumes the general fund would be used to fund the state match.

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	8.00	8.00	8.00	8.00
<u>Expenditures:</u>				
Personal Services	\$392,086	\$400,102	\$406,104	\$412,195
Operating Expenses	\$61,472	\$61,472	\$62,394	\$63,330
Equipment	\$40,000	\$0	\$0	\$0
TOTAL Expenditures	\$493,558	\$461,574	\$468,498	\$475,525
<u>Funding of Expenditures:</u>				
General Fund (01)	\$246,779	\$230,787	\$234,249	\$237,762
Other (employee payment)	\$246,779	\$230,787	\$234,249	\$237,763
TOTAL Funding of Exp.	\$493,558	\$461,574	\$468,498	\$475,525
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (employee payment)	\$246,779	\$230,787	\$234,249	\$237,763
TOTAL Revenues	\$246,779	\$230,787	\$234,249	\$237,763
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$246,779)	(\$230,787)	(\$234,249)	(\$237,762)
Other (employee payment)	\$0	\$0	\$0	\$0

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date